

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 SAJ-01 /095 W
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R 301819Z SEP 76
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 5593
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS

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PASS TREASURY

E.O. 11652: N/A
TAGS: EFIN FR
SUBJECT: BARRE PLAN:: PRESIDENTIAL SPEECH IN SUPPORT

1. AS PROMISED LAST WEEK WHEN BARRE PRESENTED THE NEW GOVERNMENT'S ECONOMIC STABILIZATION PLAN, PRESIDENT GISCARD D'ESTAING FOLLOWED UP LAST NIGHT WITH A MAJOR TELEVISION ADDRESS ON THE SUBJECT. HIS SPEECH SEEMED DESIGNED TO PUT THE FULL WEIGHT OF THE PRESIDENCY BEHIND THE BARRE PLAN. GISCARD'S MAIN THEMES WERE THE NEED TO RETURN FRANCE TO THE FRONT RARKS OF THE INDUSTRIALIZED NATIONS, A CALL FOR NATIONAL SOLIDARITY, AND A DIRECT APPEAL TO THE FRENCH PEOPLE TO USE THEIR OWN REASON IN JUDGINT THE PLAN AND TO DO THEIR PART TO MAKE IT WORK, DESPITE OPPOSITION CALLS TO THE CONTRARY. A FREE TRANSLATION OF SOME OF THE HIGHLIGHTS FOLLOWS:

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2. (THE NEW GOVERNMENT'S PROGRAM) IS NECESSARY; IT IS RIGHT; AND IT WILL WORK... I WANT TO ASK YOU TO WEIGH THE IMPORTANCE OF THE STAKES FOR FRANCE AND FOR YOURSELF... IN THE WORLD AROUND US THERE ARE TWO GROUPS OF COUNTRIES: ON THE ONE HAND, THE ABLE AND WILLING, WHO SOLVE THEIR PROBLEMS; AND, ON THE OTHER, THOSE THAT ARE INEXORABLY MIRED IN THEIR DIFFICULTIES. FRANCE IS BETWEEN THESE TWO GROUPS; SHE MUST CHOOSE THE FORMER. AND, CLEARLY, WE MAKE NO MISTAKE IN SO CHOOSING; IT IS THUS THAT OUR CAPABILITIES ARE SEEN FROM ABROAD. THIS IS WHY IT IS ESSENTIAL THAT YOU LEND YOUR SUPPORT... IN CALLING UPON YOU FOR SACRIFICE, I HAVE NOT CHOSEN THE EASY PATH. BUT MY ROLE IS NOT TO PLEASE. IT IS TO SERVE FRANCE.

3. THE POLICY PROPOSED BY THE NEW GOVERNMENT CAN BE SUMMED UP IN THREE WORDS: EQUILIBRIUM, STABILITY, AND JUSTICE. EQUILIBRIUM, BY THE RETURN TO A BALANCED BUDGET FOR 1977... AND BALANCE IN OUR INTERNATIONAL TRADE ...; STABILITY, BY VIRTUE OF THE PRICE FREEZE..., REDUCTION OF THE TVA, AND THE MAINTENANCE OF PURCHASING POWER...; JUSTICE, BY THE DISTRIBUTION OF SACRIFICES. THESE SACRIFICES ARE CALCULATED ON THE BASIS OF INCOME LEVEL AND OF THE COMPONENTS OF LIFESTYLE... IT IS TRUE THAT OUR TAX SYSTEM IS STILL NOT SUFFICIENTLY EQUITABLE ... THE PURSUIT OF TAX EQUITY WILL BE CONTINUED.

4. IS THE PLAN TOO HARSH... THE GOVERNMENT PROGRAM DOES NOT ASK YOU TO SACRIFICE YOUR PURCHASING POWER. ON THE CONTRARY, ONE OF ITS GOALS IS TO MAINTAIN IT. BUT IT DOES REQUIRE PATIENCE AND DISCIPLINE. IT ASKS YOU TO WAIT UNTIL INFLATION HAS BEEN SLOWED BEFORE THE GROWTH OF YOUR PURCHASING POWER RESUMES.. OTHERS HAVE CRITICIZED THE PLAN FOR LACK OF ORIGINALITY... THE COUNTRIES THAT HAVE SUCCEEDED IN FIGHTING INFLATION HAVE GOTTEN RESULTS NOT BY THE ORIGINALITY OF THEIR MEASURES BUT BY THE DISCIPLINE AND THE TENACITY OF THEIR EFFORTS.

5. SHOULD WE BEGIN THE 1978 ELECTORAL CAMPAIGN IN 1976? I SAY NO... SINCE WHAT WE MUST ACCOMPLISH IS A LIMITED OFFICIAL USE

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NATIONAL UNDERTAKING, WE MUST AVOID ANYTHING THAT DIVIDES. WE MUST BRING TOGETHER ALL THOSE WHO, DESPITE THE DIVERSITY OF THEIR POLITICAL AFFILIATIONS, KNOW DEEP DOWN INSIDE THEMSELVES THAT WHAT IS AT STAKE IS THE NATIONAL INTEREST... THE MOTTO OF THE FRENCH REPUBLIC CANNOT BE LIBERTY, EQUALITY, AND EGOISM. I ASK YOU TO CHOOSE SOLIDARITY.

6. COMMENT: THE PRESIDENT'S SPEECH CONTAINED NOTHING NEW BY WAY OF ECONOMIC POLICY AND RELATIVELY LITTLE BY WAY OF SPECIFIC REFUTATION OF OPPOSITION CRITICISMS OF THE BARRE PLAN. BY BOTH THE STYLE AND THE SUBSTANCE OF HIS PRESENTATION, GISCARD ATTEMPTED TO PUT HIMSELF AND THE PLAN ABOVE POLITICS, TO PUT A MAXIMUM OF PRESIDENTIAL PRESTIGE BEHIND THE NEW ECONOMIC PROGRAM, AND TO APPEAL DIRECTLY TO THE PEOPLE TO HELP MAKE IT WORK.

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HE WOULD CLEARLY LIKE TO MANEUVER THE OPPOSITION PARTIES AND UNIONS INTO A SITUATION IN WHICH, TO THE DEGREE THAT THEY OPPOSE THE BARRE PLAN, THEY WOULD BE SEEN AS SABOTAGING THE FRENCH NATIONAL INTEREST. THIS OBJECTIVE WAS UNDERScoreD BY HIS INJECTION OF A CERTAIN AMOUNT OF DRAMA INTO HIS PRESENTATION, INCLUDING FOR THE FIRST

TIME SINCE HE TOOK OFFICE A WARNING THAT THE FRENCH PEOPLE MUST PULL UP THEIR SOCKS IF FRANCE IS TO AVOID DISASTER. ALTHOUGH GISCARD DOES NOT INSPIRE HIS LISTENERS EMOTIONALLY THE WAY MANY FRENCH POLITICIANS CAN THROUGH THEIR ORATORY, HIS NEW TELEVISION STYLE IS A SIGNIFICANT IMPROVEMENT OVER HIS PREVIOUS INFORMALITY. UNFORTUNATELY, THE COINCIDENCE OF FORMER PRIME MINISTER CHIRAC'S CALL FOR AN EXTRAORDINARY UDR NATIONAL CONVENTION (SEPTEL) STOLE SOME OF GISCARD'S HEADLINES. THE SCENE NOW SHIFTS TO PARLIAMENT WHERE THE GOVERNMENT HAS LIMITED OFFICIAL USE

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DECIDED TO ASK FOR A VOTE OF CONFIDENCE ON THE BARRE PLAN. THE EMBASSY BELIEVES THAT THE MAJORITY PARTIES, INCLUDING THE INCREASINGLY ALIENATED GAULLISTS, WILL HAVE NO POLITICAL ALTERNATIVE BUT TO GIVE BARRE THAT VOTE OF CONFIDENCE.

RUSH

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